

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1420 - SB 1292

March 13, 2023

SUMMARY OF BILL: Requires certain preferred service employees of the Department of Commerce and Insurance (DCI) to have their wages and starting wages increased by 15 percent.

FISCAL IMPACT:

Increase State Expenditures - \$610,900/FY23-24 and Subsequent Years

Other Fiscal Impact - The FY23-24 Governor's proposed budget includes funding for a five percent raise for state employees. If the proposed five percent raise is enacted, then the required increase in state expenditures resulting from this legislation will be \$407,300 in FY23-24 and subsequent years.

Assumptions:

- Wages for 72 employees meeting the specified categories will increase as a result of this legislation, beginning in FY23-24. Such employees have varying annual salaries.
- Based on the information provided by DCI the average employee salary is \$48,516 annually.
- The increase of 15 percent would be an additional \$7,277 ($\$48,516 \times 15\%$) annually per employee.
- Retirement benefits and federal payroll tax equal approximately 16.60 percent of salary or an additional \$1,208 ($\$7,277 \times 16.6\%$).
- A total increase of approximately \$8,485 ($\$7,277 + \$1,208$) per position.
- An estimated increase in state expenditures of \$610,920 ($\$8,485 \text{ additional} \times 72 \text{ employees}$) in FY23-24 in subsequent years.
- The FY23-24 budget includes funding for a five percent raise for such employees. If such increase was enacted, this proposed legislation would only require an additional ten percent, or \$407,280 [$\$610,920 \times (10\% / 15\%)$] to meet the required increase for FY23-24 stated in the legislation.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

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Assumption:

- No significant impact to jobs or commerce in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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